

MANAGEMENT'S DISCUSSION and ANALYSIS

For the period ended December 31, 2005

This management's discussion and analysis supplements the financial statements and complements them by providing contextual and prospective information not provided by the financial statements.

Nature of Activities

The Company, incorporated under Part IA of the Québec Companies Act, is in the business of acquiring and exploring mining properties. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there is no assurance that it will be able to do so in the future.

Exploration Activities

Exploration expenses, during the second quarter, totalled \$139,384 (\$39,264 in 2004). The level of expenses, during the second quarter of this year, was higher than the corresponding period of the previous year as the Company carried out more significant exploration work on its properties. In October, Soquem and Vior performed diamond drilling work totalling 513 metres on the Domergue property located 120 kilometres North of Chibougamau, Québec. The two holes failed to intersect any economic base metals mineralization but one of the two targeted conductors remains unexplained. Deep geophysics work will be done early next year.

In November, the Company acquired the former Edouard Lake nickel-copper producer's exploration rights located near La Tuque, Québec. This acquisition was completed after the Company had map staked a large property surrounding the known deposit. The Lac-Edouard Mine produced approximately 400 tonnes of nickel and 200 tonnes of copper from March 1973 to January 1974, from 48,000 tonnes of ore. Other than the deposit itself, several nickel-copper showings occur in this area, several of which correspond to shallow geophysical anomalies which

have not been explored. Moreover, advanced geophysics methods at depth were never used to explore this property. Although the Company is mainly focused on the exploration and the development of its Douay gold projects, the Lac-Édouard property reveals a strong potential for a magmatic nickel-copper discovery and therefore fits perfectly within its corporate strategy. During the following months, the Company will do a detailed geoscientific compilation and perform a VTEM aerial geophysical survey on this newly acquired property.

Considering the positive results of the last winter drilling program and the high potential for new discovery on the Douay and Douay West properties, a new diamond drilling program was started on December 12, 2005 and will continue into next spring. During the second quarter, we performed a geotechnical drilling program over and around the Douay West deposit. Results of this program will be useful in the decision-making process leading to the Douay West development.

In December, modelling work allowed us to identify at least two new quality drilling targets on the Vezza and Noyard properties. Modelling work for this project will continue during the first quarter of 2006.

Business Plan:

In the following months, the Company will continue to concentrate its efforts on the exploration and the development of gold and base metals projects of quality located in the best mining areas of Canada by using advanced exploration techniques. According to the needs and the trend of industry, the Company will also consider the acquisition of new mining properties and possibly conduct exploration work on them.

The following table illustrates the Company's working plan for the next several quarters

OBJECTIVES	WORK PRODUCT	SCHEDULE	BUDGET Expenses At 30-09-05	FORECAST
To complete an exploration drilling program on the Douay project : East of Douay West deposit and near the Central Porphyry Zone areas	Drilling work totalling 6,000 metres Reports and maps	Winter and Spring 2006	\$ 70,000	\$ 560,000
To compile and to digitalize data from the Edouard project; To carry out VTEM geophysical survey	Reports and maps	January to April 2006	\$ 0	\$ 50,000
Perform an InfiniTEM geophysical survey on the Domergue project	Reports and maps (SOQUEM is the operator)	February to March 2006	\$ 0	\$ 15,000
To complete an exploration drilling program on the Vezza and Noyard projects	Drilling work totalling 1,500 metres Reports and maps	Spring or Summer 2006	\$ 0	\$ 130,000
To compile and perform field validation on the Beauchastel project	Compilation maps	Winter and Spring 2006	\$ 0	\$ 15,000

Selected Financial Information

	Results as at December 31		Results as at June 30	
	2005		2005	2004
	(\$)		(\$)	
	<i>(6 months)</i>		<i>(12 months)</i>	<i>(12 months)</i>
Revenues				
Royalties	26,051	33,123	29,365	
Interest	530	8,223	9,688	
	26,581	41,346	39,053	
Expenses				
Administrative expenses	235,790	484,785	289,621	
Loss on write off of mining properties	--	1,715,048	683,487	
Gain on sale of marketable investments	(62,217)	(29,510)	(194,082)	
	173,573	2,170,323	779,026	
Future income taxes	14,179	233,000	200,000	
Share in the significantly-influenced company's net earnings	5,170	31,060	44,018	
Net loss	(127,643)	(1,864,917)	(495,955)	
Basic and diluted net loss per share	(0.001)	(0.04)	(0.01)	
Other information				
Total assets	3,095,699	2,355,220	3,650,411	
Future income tax liabilities	96,758	110,937	461,000	
Shareholders' Equity	2,785,946	2,073,779	3,136,730	

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future financial growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances. It is highly unlikely that any dividends will be paid in the near future.

Results of Operations

The Company reported a net loss of \$127,643 during the current period, as compared to a net loss of \$149,902 for the corresponding period of the previous fiscal year. The Company receives royalty payments of production from the Mouska mine. The operator, Cambior, suspended production at Mouska during a ten-month period in 2004 in order to allow the deepening of the internal shaft by 210 metres down to 880 metres to give access to mineral resources of 142,000 tonnes at 15.4 g/t Au. The Mouska mine resumed production in October 2004, on budget and one month earlier than scheduled, following the completion of the shaft deepening program. The appointment of the Vice-President, Exploration and Acquisitions in mid-September 2004 and the accounting of the fair value of the stock options granted in September 2004 for an amount of \$72,500 explain the great variation of the account for salaries and fringe benefits.

Quarterly Information

The information presented below details total revenues, overall net earnings (net loss), and net earnings (net loss) per participating share over the last eight quarters.

Quarter ended	Total revenues	Net loss	Net loss per share	
			Basic	Diluted
31-12-2005	12,161	(71,386)	(0.001)	(0.001)
09-30-2005	14,420	(56,257)	(0.001)	(0.001)
06-30-2005	12,998	(1,454,719)	(0.031)	(0.031)
03-31-2005	18,548	(260,296)	(0.005)	(0.005)
12-31-2004	8,176	(31,414)	(0.001)	(0.001)
09-30-2004	1,634	(118,488)	(0.003)	(0.003)
06-30-2004	(8,788)	(621,842)	(0.013)	(0.013)
03-31-2004	12,177	(92,499)	(0.002)	(0.002)

Cash Position

The Company's working capital decreased to \$135,542 at the end of the period, as compared to \$201,766 at the beginning of the year. The Company has future income tax liabilities amounting to \$96,758. The Company also has exploration funds in the amount of \$704,400, which will be used to finance exploration work beginning early in 2006.

Contractual Obligations

Contractual obligations	Payments due by period		
	Total	Less than 1 year	1-3 years
Lease	\$6,000	\$6,000	-

Capital Resources

In December 2005, the Company completed two private placements amounting to \$866,000. These proceeds will be used to finance exploration work beginning early in 2006 and for working capital purposes.

Off-Balance Sheet Commitments

The Company has no off-balance sheet commitments.

Related Party Transactions

The Company entered into the following transactions with two companies owned by directors:

	2006	2005
	\$	\$
Management fees	25,000	26,250
Rent and office expenses	26,327	27,530

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Carrying value of mining properties

At the end of each quarter, exploration work performed on mining properties is reviewed to evaluate their potential. Following this analysis, write offs are done, if need be.

New accounting standards

In January 2005, the CICA issued four new accounting standards relating to financial instruments: Section 3855, “Financial Instruments — Recognition and Measurement”, Section 3865, “Hedges”, Section 1530, “Comprehensive Income”, and Section 3251, “Equity”.

Section 3855 expands on Section 3860, “Financial Instruments — Disclosure and Presentation”, by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13, “Hedging Relationships”, and the hedging guidance in Section 1650, “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530, “Comprehensive Income”, introduces a new requirement to temporarily present certain gains and losses outside net income.

Consequently, Section 3250, “Surplus” has been revised as Section 3251, “Equity”.

Sections 1530, 3251, 3855 and 3865 apply to fiscal years beginning on or after October 1, 2006. The Company will adopt these new standards on July 1, 2007, and has not yet determined their impact on its financial statements.

Financial Instruments

Fair value

Cash and cash equivalents, other amounts receivable, as well as accounts payable and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short-term maturity or to current market rates.

The fair value of marketable investments, determined based on market value, amounts to \$21,032 and \$282,253 as at December 31, 2005 and 2004, respectively.

Interest rate risk

As at December 31, 2005 and 2004, the Company's exposure to interest rate risk is summarized as follows:

- Cash and cash equivalents	Variable interest rate
- Other amounts receivable	Non-interest bearing
- Accounts payable and accrued liabilities	Non-interest bearing

Disclosure of Outstanding Share Data

Shares

The Company can issue an unlimited number of common shares, without par value. As at February 23, 2006, 55,416,288 shares were issued and outstanding.

Warrants

As at February 23, 2006, these warrants were outstanding:

Number	Price \$	Expiration date
1,000,000	0.30	22-11-06
750,000	0.30	23-11-06
333,333	0.20*	15-12-06
1,207,500	0.25	22-12-06
<u>553,500</u>	0.25	29-12-06
3,844,333		

*0.25 \$ from 12-16-06 to 12-15-07

Stock Options

Number of shares which can be issued under the Company's option plan: 4,686,262. On February 23, 2006, these stock options were outstanding:

Date granted	Number	Price \$	Expiration date
Apr-30-1996	75,000	0.15	04-30-06
Dec-18-1996	735,000	0.15	12-18-06
Jul-22-1997	735,000	0.15	07-22-07
Apr-9-2001	765,000	0.15	04-09-11
Mar-23-2004	900,000	0.16	03-23-09
Sep-13-2004	<u>570,000</u>	0.15	09-13-09
TOTAL	3,780,000		

Risks and Uncertainties

Financial risks

The Company is considered to be in the exploration stage, and is dependent on obtaining regular financing in order to continue its exploration work. Despite previous successes in securing such financing, there is no guarantee in obtaining any future financing.

Risks on ownership titles

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's titles. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental risks

The Company is subject to various environmental incidents that could occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Outlook

The Company continues to be optimistic about the general trend of the gold and capital markets. In agreement with our corporate strategy, we are always on the lookout for new exploration projects or new partnerships which could have a positive effect on our shareholders' value. Towards the end of 2005, exploration work performed on our Douay West property lead to the discovery of new mineralized zone that could have a positive impact on the economics of this project. A second discovery that returned impressive gold grades was also made in the Central Prophyry area. During the winter season, additional drilling will be performed to recognize the extent of these discoveries that reconfirm the strong discovery potential of the Douay properties.

Other exploration activities will also be undertaken on several other properties during the course of the year.

Additional Information and Continuous Disclosure

This Management's Discussion and Analysis has been prepared as of February 23, 2006. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

(s) Patrick Bradley

President

(s) Gaétan Mercier

Treasurer